

House File 497 - Introduced

HOUSE FILE 497

BY GASSMAN

A BILL FOR

1 An Act creating an exemption to the water services excise tax
2 for water sold or furnished by a nonprofit organization.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423G.4, Code 2019, is amended to read as
2 follows:

3 **423G.4 Exemptions.**

4 1. The sales price from transactions exempt from state sales
5 tax under section 423.3, except section 423.3, subsection 103,
6 is also exempt from the tax imposed by this chapter.

7 2. a. For purposes of determining whether a transaction is
8 exempt, the furnishing of water through a piped distribution
9 system by a nonprofit organization to a consumer or user of the
10 water shall not be construed as a sale or furnishing of water
11 and shall be exempt from the tax imposed by this chapter if
12 the price charged for the sale or furnishing of water by the
13 nonprofit organization is not more than the rate charged for
14 consuming or using water from the nearest water utility.

15 b. As used in this subsection, "nonprofit organization"
16 means a nonprofit entity which is exempt from federal income
17 taxation pursuant to section 501(c)(3) of the Internal Revenue
18 Code.

19 EXPLANATION

20 The inclusion of this explanation does not constitute agreement with
21 the explanation's substance by the members of the general assembly.

22 This bill creates an exemption to the water services excise
23 tax.

24 The bill exempts from the water services excise tax the sale
25 or furnishing of water through a piped distribution system by
26 a nonprofit organization to a consumer or user of the water,
27 if the price charged for the sale or furnishing of water by the
28 nonprofit organization is not more than the rate charged for
29 consuming or using water from the nearest water utility.

30 The bill defines "nonprofit organization".